

Message Text

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ORIGIN EUR-12

INFO OCT-01 ISO-00 PM-03 MC-01 EB-04 TRSE-00 OMB-01 IGA-01

L-01 NSC-05 SP-02 SS-15 RSC-01 CIAE-00 INR-05 NSAE-00

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FM SECSTATE WASHDC

TO AMEMBASSY BRUSSELS

INFO USMISSION NATO

C O N F I D E N T I A L STATE 241608

E.O. 11652: GDS

TAGS: MASS, BE

SUBJECT: BELGIAN PURCHASE OF LANCE MISSILE SYSTEM

REF: BRUSSELS 7956

1. IT APPEARS THAT ON BASIS OF MAAG LETTER OF AUGUST 23 THE BELGIAN CABINET WAS MISTAKENLY ADVISED THAT U.S. AGREED TO COUNT LANCE PURCHASE AS BOP RECEIPT DURING FY 1974 AND CABINET THEN AGREED TO FORMALIZE LANCE PURCHASE ON THIS BASIS, AND BELGIANS FURTHER CIRCULATED THIS U.S. ADVICE TO ALL NAC MEMBERS THROUGH PARA 8 OF C-M(74)62 ON OCTOBER 4.

2. U.S. VIEW WAS SET FORTH IN SECDEF 3071.

3. PROBLEM IS THEREFORE HOW TO RECONCILE BELGIAN ACTIONS BASED ON RECEIPT OF AUGUST 23 NOTIFICATION AND U.S. CON-
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SIDERATIONS RE REPORTING TO CONGRESS UNDER JACKSON-NUNN

GUIDELINES.

4. SINCE PURPOSE OF JACKSON-NUNN IS TO ENCOURAGE EUROPEAN PAYMENTS TO U.S. THROUGH SUCH MEANS AS EQUIPMENT PURCHASES, AND THIS INCLUDES BELGIAN PROCUREMENT OF LANCE, WE OBVIOUSLY SHOULD DO NOTHING TO DISCOURAGE BELGIAN PROCUREMENT OF LANCE OR ANY OTHER ITEMS. NOR DO WE WISH TO EXACERBATE THIS

SITUATION BY MULLING IT OVER WITH THE BELGIANS.

5. WE THEREFORE CONCLUDE THAT IT WOULD BE BEST TO REPLY ON THIS POINT, AND WE UNDERSTAND IT WILL BE INCLUDED IN THE RESPONSE TO THE VANDEN BOEYNANTS LETTER OF SEPTEMBER 30, BY SAYING THAT "WE WILL TAKE FULLY INTO ACCOUNT UNDER OUR 'BURDEN-SHARING' COMPUTATIONS FOR FISCAL YEAR 1974 THE VALUE OF THE BELGIAN LANCE PURCHASE."

6. WHILE THE DECISION TO PURCHASE LANCE WILL RESULT IN PAYMENTS TO THE U.S., THE FACT THAT NO PAYMENTS WERE ACTUALLY RECEIVED IN FY 74 PRECLUDES US FROM TREATING ANY PART OF THE LANCE PURCHASE AMONG THE CASH RECEIPTS IN CALCULATING THE FY 74 TOTAL "DEFICIT." HOWEVER, THE J-N AMENDMENT REQUIRES THE PRESIDENT TO IDENTIFY ALL POSSIBLE OFFSETS TO THE BOP "DEFICIT." WE ARE PREPARED TO INCLUDE A STATEMENT REGARDING THE LANCE PURCHASE BY BELGIUM UNDER THIS LATTER CATEGORY IN OUR FINAL REPORT TO CONGRESS ON COMPLIANCE WITH J-N. MOREOVER, THE RESULTS OF OUR BURDEN-SHARING EFFORTS ARE BEING REPORTED TO CONGRESS ON A TOTAL BASIS WITHOUT COUNTRY BREAKDOWN. THUS THERE IS NO REPORTING TO CONGRESS WHETHER EACH ALLY HAS OFFSET OUR BOP EXPENDITURES ON A BILATERAL BASIS AND THE BELGIANS ARE NOT BEING ASKED TO DO SO. THE NOTION OF ISOLATING A BELGIAN BILATERAL DEFICIT IS ONE THAT EXISTS IN BRUSSELS BUT IS NOT REFLECTED IN ANY PRESENTLY PLANNED U.S. REPORTS TO CONGRESS.

7. WE SEE NO USEFUL PURPOSE IN REVIEWING THIS FURTHER WITH THE BELGIANS UNLESS THEY INSIST UPON DOING SO. IT IS UNCLEAR WHETHER SOME BELGIANS HAVE PURSUED THIS MATTER AS FAR AS IT HAS GONE AS A SPOILING TACTIC. WHATEVER THE CASE WE WISH TO AVOID GIVING VANDEN BOEYNANTS ANY REASON
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TO PULL BACK ON THE LANCE PURCHASE OR TO CITE THIS EPISODE IN CONNECTION WITH BELGIAN CONSIDERATION OF NEW AIRCRAFT PROCUREMENT.

8. TAKE NO ACTION ON THIS MESSAGE. THE OPERATIVE RESPONSE TO BRUSSELS 7956 WILL BE THE COMPLETE REPLY TO VANDEN BOEYNANTS WHICH WILL BE SENT SEPARATELY. INGERSOLL

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